

DOGM Rec'd
@ June 20, 2000

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Site Inspection Report

Orderville, Muddy Creek Gemstone Leases:
ML 19890, ML 26996, ML 27618, ML 41354 & ML 41355

Date of Inspection: June 13 & 14, 2000
Persons Present: William M. Stokes
Tom Munson, DOGM
Loy Crapo
Mike Crauso
Conditions: Hot, Dry & Clear
Lands Inspected: E $\frac{1}{2}$ NW $\frac{1}{4}$, Section 36, T. 40 S., R. 8 W., ML 19890
NE $\frac{1}{4}$ NE $\frac{1}{4}$, Section 36, T. 40 S., R. 8 W., ML 26996
NW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 36, T. 40 S., R. 8 W., ML 27618
SW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 2, T. 41 S., R. 8 W., ML 41354
W $\frac{1}{2}$ (including lots 1-9, 14-16) Section 31, T 40 S., R. 7 W., ML 41355

This inspection was conducted in order to document present surface disturbances created by the various lessees in the Muddy Creek area. Inspections were made of active mine areas as well as areas that had been graded and/or seeded. Redundant GPS surveys were done by the Division of Oil, Gas and Mining and the School and Institutional Trust Lands Administration. The separate GPS surveys were not exactly in agreement but the difference in the areas surveyed were not significant. This report uses GPS information collected by the Trust Lands Administration. This report only discusses disturbances on trust lands and does not include associated disturbances on BLM land. Accompanying this report is a map showing an over view of all the sites surveyed as well as individual maps and accompanying photographs showing activity on each lease block. The following is a brief update of surface conditions on each lease block.

Lease ML 19890, E $\frac{1}{2}$ NW $\frac{1}{4}$, Section 36, T. 40 S., R. 8 W, Lessee: Olga Berry, Operator Bob Harris. See GPS survey map labeled Lease ML 19890. This lease was cancelled on March 15, 2000 for failure to pay rentals. A large area of approximately 2.7 acres, which is outlined in red on the on the accompanying GPS map, was mined by Bob Harris prior to the lease being cancelled. There is no record with the Trust Lands Administration that Mr. Harris had submitted a Notice of Intent to Commence Mining on this lease and no approval was ever given to mine on the lease. The Trust Lands Administration currently holds a Certificate of Deposit in the amount of \$2,000.00 for reclamation of surface disturbances on this lease and on lease ML 41355. There exists unmined land that lies between the mined area on this lease and the Crapo/Caruso lease to the west. Also depicted on the accompanying GPS map is an area outlined in green which has been graded and at one time seeded. This graded area covers approximately 1.87 acres and due to the dry spring exhibits sparse vegetative cover. Photographs 1 - 3 depict the conditions on this lease.

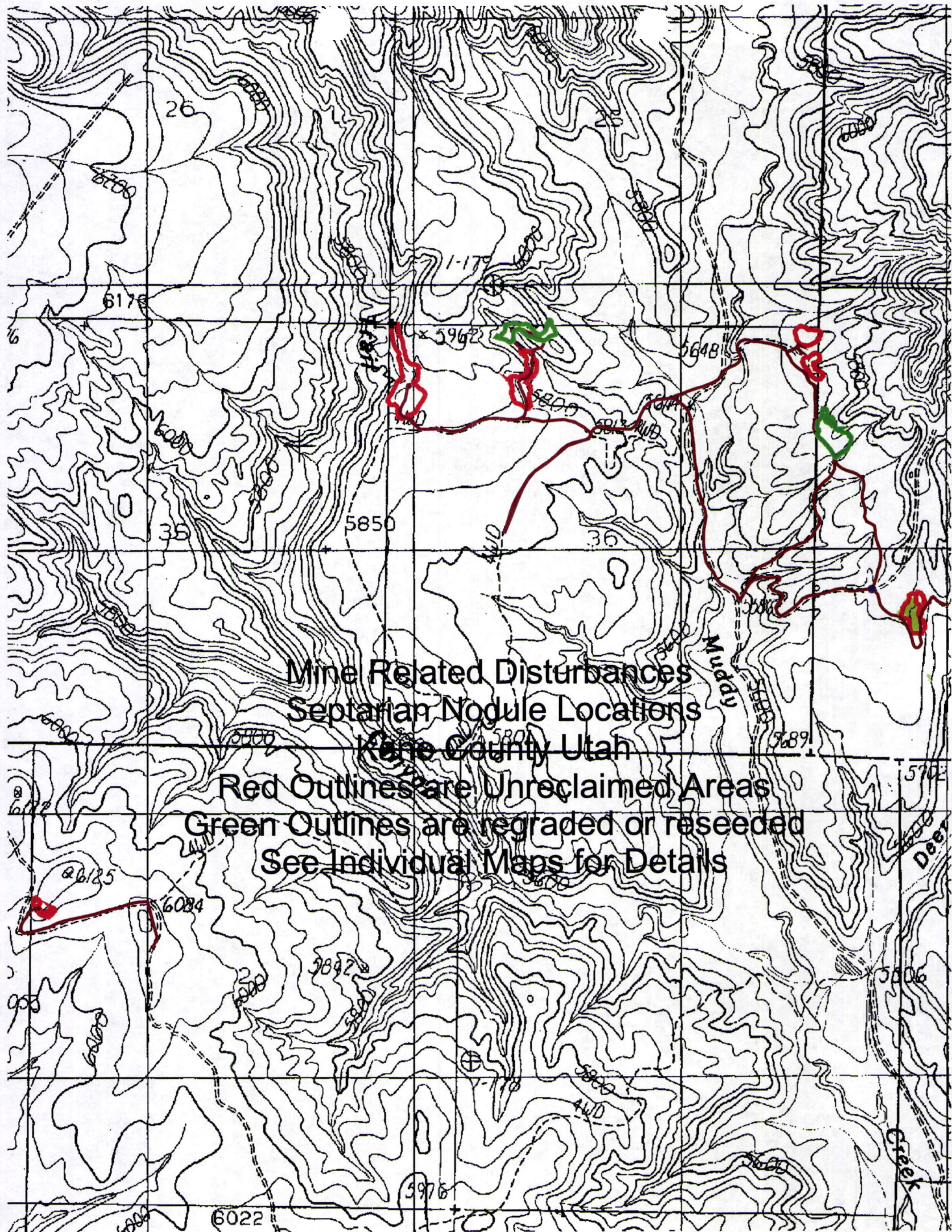
Lease ML 26996, NE $\frac{1}{4}$ NE $\frac{1}{4}$, Section 36, T. 40 S., R. 8 W., lessees: Loy Crapo (50%) and Joseph M. (Mike) Crauso (50%). See GPS survey map labeled Lease ML 26996. Areas outlined on the

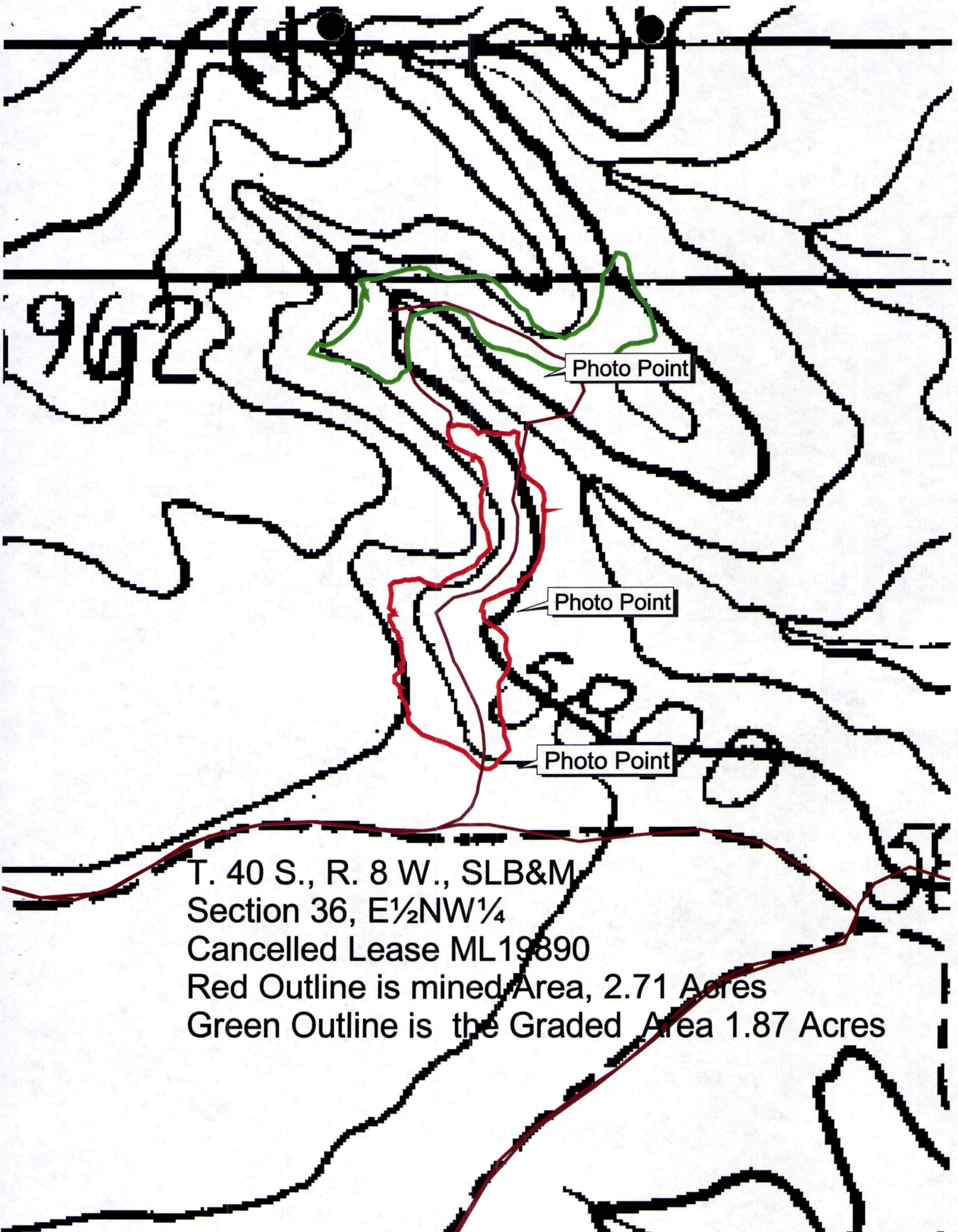
map for this lease represents the combination of mined areas and lands disturbed by overburden from the mine area. The two areas depicted on the map represent two mined areas. The northern most area was mined by both Mike Caruso and Loy Crapo. The area disturbed on the northern excavation is approximately 1.24 acres the majority of which is overburden that has been pushed away from the mined area to create a much larger area of disturbance than was necessary. See Photograph No. 4. Since the northern area was mined by both Loy Crapo and Mike Caruso reclamation will be shared by both parties. The southern area was only mined by Loy Crapo. This area encompasses approximately 1 acre of disturbance and reclamation will be the sole responsibility of Mr. Crapo. Note that the GPS overlay has slightly shifted the actual location of the disturbed area to the east. See Photographs 5 and 6. The amount of land remaining on ML 26996 which is expected to bear marketable septarian nodules is limited to a small area between the northern mined area and the north side line of Section 36 and a small point of unmined land along a ridge that extends from adjacent Section 31 of T. 40 S., R. 7 W. into the center of the southern mined area. Mr. Crapo and Mr. Caruso will mine out any remaining reserves and commence reclamation of both areas in the summer of 2000.

Lease ML 27618, NW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 36, T. 40 S., R. 8 W., Lessees: Loy Crapo 50% & Joseph M. (Mike) Caruso 50%. This Lease is commonly referred to as the Trail Canyon lease. See the GPS map labeled ML 27618. The area outlined in red on the GPS map encompasses approximately 5.22 acres of disturbed land which includes active mine areas and overburden from the mined areas. The lessees agreed that each will be responsible for 50% of the disturbance. Mike Caruso for the northern half and Loy Crapo for the southern half. Both Mike Caruso and Loy Crapo are approved to continue with mining in this area during the year 2000 season. Photographs 7 & 8 show the conditions of the mined lands on ML 27618.

Lease ML 41354, SW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 2 T. 41 S., R. 8 W. SLB&M, Lessees: Mike Caruso 50% & Marie Caruso 50%. The area that is outline in red on the GPS map for this lease shows the area that was disturbed by Mike Crauso in 1999. A much larger area had been previously mined but now has been naturally re-vegetated. Marie Caruso the mother of Mike Caruso has in place a Certificate of Deposit in the amount of \$1,000.00 for reclamation on this lease. Without the knowledge that Mike Caruso had created new disturbances on this lease she requested release of the \$1,000.00 Certificate. The Trust Lands Administration will not release her Certificate until a replacement bond is in place. Mike Caruso will be responsible for reclamation in this area. Photographs 9 & 10 show the condition of the mined lands on this lease.

Lease ML 41355, W $\frac{1}{2}$ of Section 31, T. 40 S., R. 7 W., SLB&M, Lessee: Olga Berry, Operator: Bob Harris. The area that is outlined in red on the GPS map for this lease, due to an error in GPS data collection, shows both the graded area and the active mine area. The larger outline is the graded area (1.85 Acres) and the adjacent smaller outline is the active mine area (.43 Acres). Mining on this lease is conducted by Bob Harris, the designated operator for the lessee, Olga Berry. Photographs 11 & 12 show the condition of the mined lands at this site. To the north of the active mine site is a graded area which is also on lands encompassed ML 41355. This area is outlined in green on the accompanying GPS map and encompasses 2.6 acres. The grading follows contours and is sufficient for reclamation purposes, however, it does not appear that the area was seeded. Photographs 13 & 14 show the condition of the graded area.





T. 40 S., R. 8 W., SLB&M
Section 36, E $\frac{1}{2}$ NW $\frac{1}{4}$
Cancelled Lease ML19890
Red Outline is mined Area, 2.71 Acres
Green Outline is the Graded Area 1.87 Acres



Photograph 1, Looking south from the north end of the mined area that is outlined in red on the accompanying GPS map. Arrow # 1 indicates the position from where photo. 3 was taken. The main mined are is shown in photo 3 is indicated by arrow # 2.



Photograph 2, Looking north from the center of the large mined area on ML 19890. The position of this photograph is indicated by arrow # 1 in photograph 3. Arrow # 1 in this photograph shows the location from where photograph # 1 was taken. Arrow # 2 indicated the mined cliff face that is on BLM land just north of the north side line of Section 36. The mined area as indicated by arrow # 2 was mined by Rex Harris on his unpatented mining claims. The dashed line shows part of the graded area that is shown on the GPS map.



Photograph 3, Looking south from the north end of the mined area on ML 19890. The position of this photograph is shown as arrow # 1 in photograph 1. This photograph shows the conditions of the large mined area on ML 19890. Arrow # 1 shows the position from where photograph 2 was taken. Arrow # 2 shows the mined cliff face on the Harris mining claims as discussed in the caption for photograph 2.



Photograph 4, Looking northeast onto the northern most mined area on lease ML 26996. The arrow shown the approximate location of the northeast corner of Section 36. The dashed line on the right shows the approximate east side boundary line of Section 36 and the dashed line on the left shows the approximate north boundary line of Section 36. The steep cliff marks the remaining unmined area between the cliff face and the Section lines which will be mined and reclaimed in the summer of 2000. In the foreground is the overburden that has been spread out away from the mined area.



Photograph 5, Looking east onto the northern arm of the southern disturbance on ML 26996. This area was mined by Loy Crapo. The east boundary line of Section 36 runs along the edge of the mine pit.



Photograph 6, Looking south from the same location as in photo 2 onto the southern arm of the southern mined area on ML 26996. The cliff on the left is the area that will be mined in the summer of 2000.

A topographic map showing a section of land. A red line outlines a specific area. A label 'Photo Point' with a pointer indicates a location on the red line. The map includes contour lines and a grid.

Photo Point

T. 40 S. R. 8 W., SLB&M
Section 36, NW $\frac{1}{4}$ NW $\frac{1}{4}$
ML 27618

Trail Canyon Area

Red Outline is Unreclaimed, 5.22 Acres
50% Crapo / 50% Caruso

*No duplicate Photo print is available
See original report in Trust Lands Fil.*

Photograph 7, Looking north, from the photo point as shown on the GPS map, onto the area on which Mike Caruso is conducting mining operations. Mike Caruso will also be responsible for reclamation of this area. The mined area extends around the mine cliff face for a considerable distance. The NE corner survey corner of Section 36 can be found just to the west of the dirt road, shown on the left of this photo, on the north end of the mined area on trust lands. There are additional mine related disturbances north of the Section 36 trust lands are on BLM land. Disturbances on BLM land are not shown on the GPS map for this lease.

*Duplicate photo is not available
for this copy of the report
See original copy of trust lands*

Photograph 8, Looking south from the photo point as shown on the GPS map, onto the area which Loy Crapo is conducting mining operations. Loy Crapo will be responsible for reclamation of this area. The road on the right is the access road to the center of the mined area that is shown on the GPS map and which continues to the north end of the mined area on trust lands. The arrow indicates the position of another excavated open pit that is obscured by overburden from that pit. A large portion of the disturbed which lies to the right of this photograph is not shown.



A hand-drawn map on a piece of paper. A vertical line runs down the center. To the right of this line, there are several wavy, irregular black lines representing terrain or boundaries. A red line is drawn across the upper part of the map, starting from the left, crossing the vertical line, and then following a path that loops around a small area. This red line is labeled 'Photo Point' with a pointer. The text 'T. 41 S., R. 8 W., SLB&M' is written in the middle of the map. Below it, 'SW 1/4 NW 1/4 Section 2' is written. Further down, 'ML 41354, Caruso 50%/Caruso 50%' is written. At the bottom, 'Red Outline is Recent Mined Area' and 'Previous Mined area is Revegetated' are written. There are some small circles and other markings on the map, including a small circle near the 'Photo Point' label and some scribbles at the bottom left.

Photo Point

T. 41 S., R. 8 W., SLB&M

SW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 2

ML 41354, Caruso 50%/Caruso 50%

Red Outline is Recent Mined Area 4.3 Acres

Previous Mined area is Revegetated



Photograph 9, Looking east from the photo point as shown on the GPS map onto the east arm of the mine area. The pit area is approximately 40 feet wide. Arrow 1 shows the layer of overburden excavated from previous mining which is sitting on top of undisturbed ground, arrow 2. Arrow 3 shows the overburden pile that was put in place by Mike Caruso in 1999.



Photograph 10, Looking north from near the same photo point as in photograph 9 onto the northern arm of the mine area on ML 41354. The arrow in this photo shows the location of a recently (1999) excavated pit that is not visible from this location.

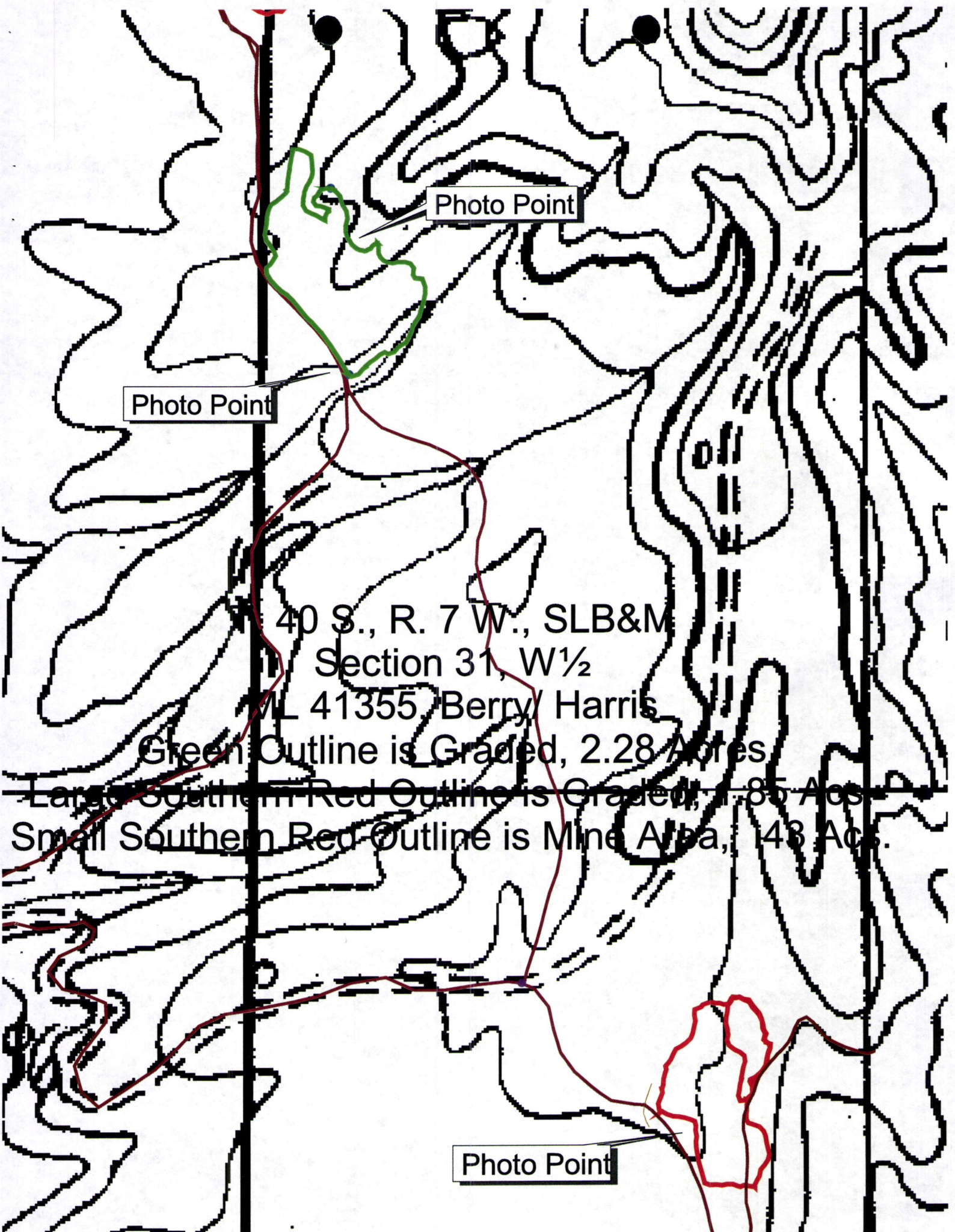


Photo Point

Photo Point

T 40 S., R. 7 W., SLB&M
Section 31, W $\frac{1}{2}$
WL 41355, Berry/ Harris

Green Outline is Graded, 2.28 Acres

Large Southern Red Outline is Graded, 1.85 Acs

Small Southern Red Outline is Mine Area, 143 Acs.

Photo Point

*Duplicate Photo not available
See original report*

Photograph 11, Looking north from the photo point as shown on the GPS map for ML 41355. Most of this photo shows the graded area on the north half of this mine site. The dashed line generally indicated the location of the active mine site. A significant portion of the graded area and mined area lie outside the view of this photograph to the right.

*Duplicate photo is not available.
See original report*

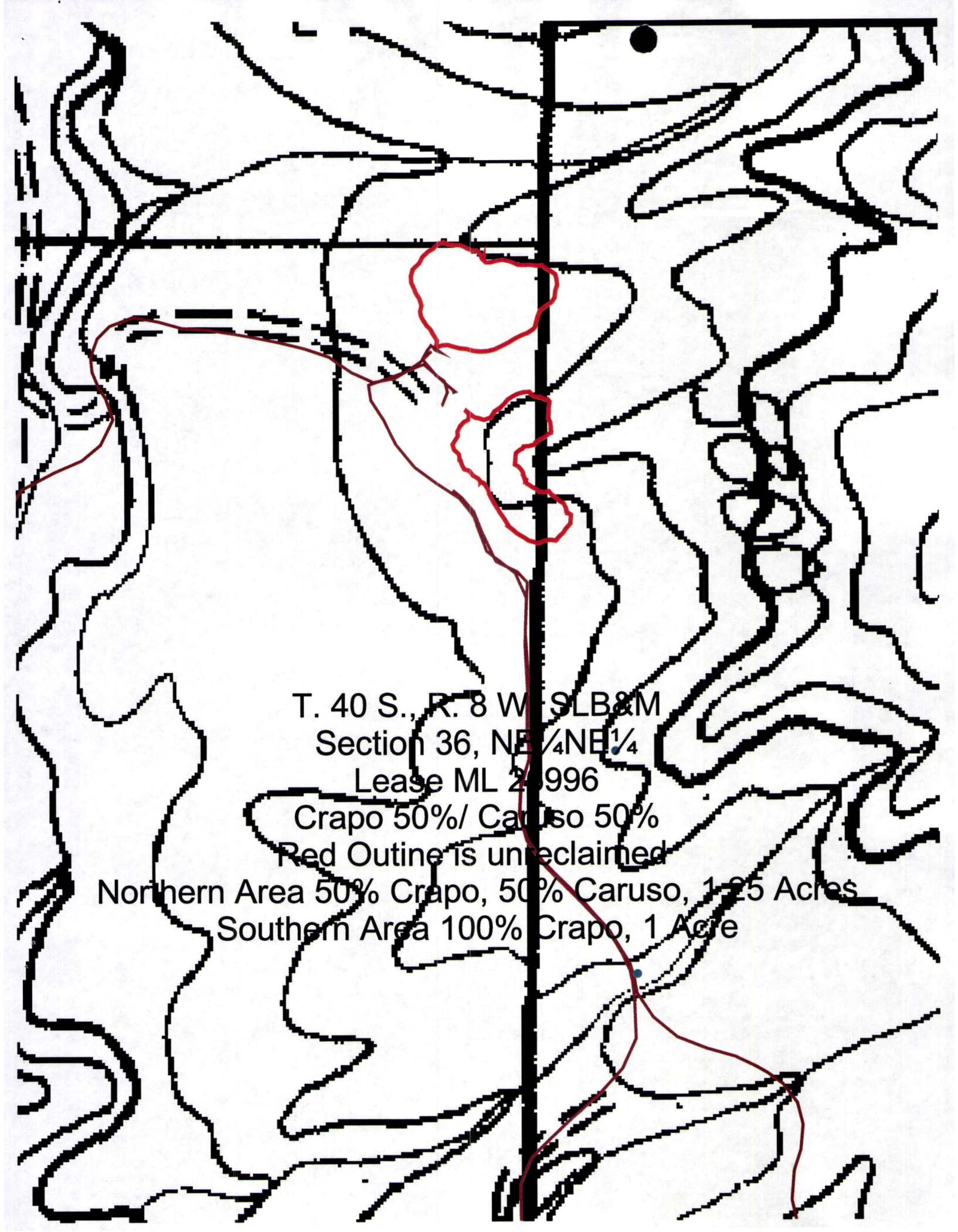
Photograph 12, Looking south onto the graded area from the photo point as shown on the GPS map for ML 41366. A large portion of the graded area which lies to the right of this photograph is not shown.



Photograph 13, Looking southwest from the northern most photo point onto the northern graded area as shown on the GPS map for ML 41355.



Photograph 14, Looking northeast from the photo point on the southern end of the northern graded area as shown on the GPS map for ML 41355. The arrow indicated the location from where photograph was taken.



T. 40 S., R. 8 W. SLB&M
Section 36, NE $\frac{1}{4}$ NE $\frac{1}{4}$
Lease ML 26996

Crapo 50%/ Caruso 50%

Red Outline is unclaimed

Northern Area 50% Crapo, 50% Caruso, 1.25 Acres

Southern Area 100% Crapo, 1 Acre